

10/31/77 [2]

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 10/31/77 [2]; Container 48

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From The Vice President to The President (20pp.) Re: Howard Bucknell's Letter on the Middle East / enclosed in Hutcheson to Mondale 10/31/ 77 23pp Sanitized RAC N46-126-9-29-1-0 3/6/13	10/31/77	A
memo	From Young to The President (one page) re: Sum- mary of US Mission to the UN Weekly Activities / enclosed in Hutcheson to Cabinet 10/31/77 1pg USUN Declass RAC N46-126-9-29-1-0 opened 3/6/13	10/28/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices- Office of the Staff Sec.- Pres. Hand-
writing File 10/31/77 [2] BOX 61

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT'S SCHEDULE

Monday - October 31, 1977

7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.

9:00 Meeting of the Cabinet. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

12:30 Lunch with Vice President Walter F. Mondale.
The Oval Office.

1:30 Secretary Harold Brown. (Dr. Zbigniew
(20 min.) Brzezinski) - The Oval Office.

2:00 Meeting with Mr. Robert Patridge, Executive
(20 min.) Vice President and General Manager of the
National Rural Electric Cooperative Association
and other Representatives of NRECA.
(Mr. Stuart Eizenstat) - The Cabinet Room.

THE WHITE HOUSE
WASHINGTON

October 31, 1977

H. Carter

The attached was returned in the
President's outbox today and is
forwarded to you for distribution.

Rick Hutcheson

COMBINED FEDERAL CAMPAIGN

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

Satti-

*check w/ H Carter's office
re handling*

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO THE WHITE HOUSE OFFICE STAFF

I would like you to volunteer with me in a commitment to the Combined Federal Campaign of the National Capital Area -- our effort on the Federal government level to contribute to 144 voluntary health and social service agencies in the United Way, 12 national health agencies, and six international service agencies.

The CFC asks you to contribute a small amount of each paycheck to a very worthwhile cause which will aid thousands of your fellow Americans. This is the only official solicitation for a financial donation conducted in the White House.

Our staff was a strong leader in the Savings Bond Drive, through which you signed up to save your money. Let's all work together to assume the same position of leadership in the CFC.

Jimmy Carter

THE WHITE HOUSE

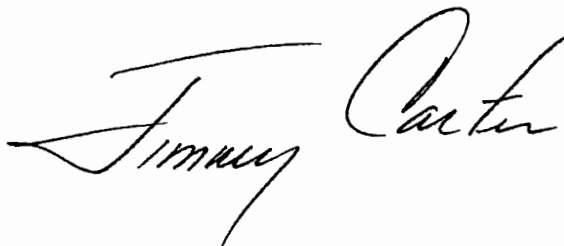
WASHINGTON

MEMORANDUM TO THE WHITE HOUSE OFFICE STAFF

I would like you to volunteer with me in a commitment to the Combined Federal Campaign of the National Capital Area -- our effort on the Federal government level to contribute to 144 voluntary health and social service agencies in the United Way, 12 national health agencies, and six international service agencies.

The CFC asks you to contribute a small amount of each paycheck to a very worthwhile cause which will aid thousands of your fellow Americans. This is the only official solicitation for a financial donation conducted in the White House.

Our staff was a strong leader in the Savings Bond Drive, through which you signed up to save your money. Let's all work together to assume the same position of leadership in the CFC.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON
October 28, 1977

Jim McIntyre

The attached was returned in the President's outbox and is forwarded to you for appropriate handling. Bob Carswell has been notified of the President's decision.

cc: Stu Eizenstat
Zbig Brzezinski
Secretary Schlesinger

RE: US-SAUDI ARABIA SOLAR ENERGY AGREEMENT

THE WHITE HOUSE
WASHINGTON

10/28/77

Mr. President:

NSC concurs.

Rick

ACTION REQUESTED BEFORE YOU
LEAVE FOR CAMP DAVID.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

*Patti - draft mem for me
to Carswell*

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE <i>JM</i>
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
/	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

PRIORITY

October 27, 1977

MEMORANDUM FOR THE PRESIDENT

Through: James T. McIntyre *J. McIntyre*
Acting Director
Office of Management and Budget

Subject: U.S.-Saudi Arabia Solar Energy Agreement

During his trip to Saudi Arabia, Secretary Blumenthal, as the Chairman of the U.S.-Saudi Arabian Joint Commission on Economic Cooperation, is tentatively scheduled to conclude an agreement between Treasury, DOE, and Saudi Ministries for cooperation in the field of solar energy research. This agreement is designed to formally implement the understanding reached with Crown Prince Fahd last May for a jointly funded solar research program.

Under the Agreement, DOE and the Saudi Arabian National Center for Science and Technology will coordinate solar program activities, which will include joint funding of research and development projects on solar energy systems of mutual interest to the United States and Saudi Arabia. The Agreement will be funded by deposits from both countries of \$50 million apiece over a five year period in a U.S. Treasury Trust Fund Account. The U.S. deposit is contingent on Congress authorizing and appropriating the necessary funds, except for the initial \$250,000, which will be made available from monies already appropriated.

The Agreement will be of importance for the United States because it will significantly facilitate the development of solar energy technology. It commits Saudi funds to this end, and generally strengthens cooperation between the two countries in the energy field.

The Department of State supports this Agreement. Secretary Blumenthal would sign it on behalf of Treasury, and the U.S. Ambassador to Saudi Arabia, on behalf of DOE. October 30, 1977, is the day tentatively set for signing. I request your approval of this course of action.

Bob Carswell
Robert Carswell
Acting Secretary

James R. Schlesinger
James R. Schlesinger
Secretary
Department of Energy

Approve: _____ ✓

Disapprove: _____

*only if OMB has
approved -
I don't like these last minute
memos. J.C.*



Project Agreement
Between
The Saudi Arabian National Center for
Science and Technology
and the Saudi Arabian Ministry of Finance and
National Economy, Jointly,
and the United States Department of Energy
and the United States Department of Treasury, Jointly
for
Cooperation in the Field of Solar Energy

Article I.

1. This Project Agreement between the Saudi Arabian National Center for Science and Technology (SANCST) and the Saudi Arabian Ministry of Finance and National Economy (MFNE) and the United States Department of Energy (DOE) and the United States Department of Treasury (Treasury), hereinafter called the Agencies, sets forth arrangements for technical cooperation in the field of Solar Energy for the mutual benefit of the two countries.

2. The Agreement will be carried out under the auspices of the U.S. - Saudi Arabian Joint Commission on Economic Cooperation and in accordance with the provisions of the Technical Cooperation Agreement between the Governments of the United States and Saudi Arabia signed on February 13, 1975 which is hereby incorporated by reference and becomes a part of this Agreement.

3. Activities under this project will take into consideration the general aims expressed in the U.S.-Saudi Arabian Project Agreement for Technical Cooperation in Science and Technology of February 29, 1976.

Article II.

1. The objectives of this Agreement are: (a) to cooperate in the field of solar energy technology for the mutual benefit of the two countries; (b) to advance the development of solar energy technology; and (c) to facilitate the transfer of technology developed under this Agreement.

2. Areas of cooperation may include research, development and demonstration projects on all types of solar energy systems of mutual interest to the Kingdom of Saudi Arabia and to the United States. Programs and projects may be considered for centralized solar applications such as electric and total energy systems, as well as for decentralized solar applications, such as water heating, space heating and cooling, agricultural and industrial process heating, electricity generation, and irrigation projects. Solar technologies to be investigated may include heating and cooling, solar thermal, photovoltaics, biomass conversion, wind and ocean energy systems.

3. One of the purposes of this Agreement is to improve research capabilities of SANCST and of Saudi Arabian and U.S. universities, institutes, and research centers in the solar energy field.

Article III.

1. DOE and SANCST will be responsible for the development, coordination and implementation of solar program activities under this Agreement.

2. DOE shall designate an appropriate organizational component to be responsible for coordination between the DOE and SANCST under this Agreement. SANCST shall designate an appropriate SANCST official or officials to be responsible for coordination between SANCST and DOE under this Agreement.

3. Over-all coordination of this Joint Economic Commission Project with other Joint Economic Commission activities within the United States Government and provision of certain administrative facilities and support for this Project will be the responsibility of Treasury. The Office of the Joint Economic Commission in Riyadh (JECOR) will provide a communication link between SANCST and MFNE on the one hand and DOE and Treasury on the other. JECOR will facilitate activities under this Agreement and will monitor the implementation of this Agreement in Saudi Arabia. Funds for these services will be expended in accordance with Article V.

Article IV.

Cooperation in accordance with this Agreement may include, but is not limited to, the following:

1. Joint research, development and demonstration projects as described in Article II in which DOE and SANCST agree to share the work and costs.
2. Exchange of scientific and technical information, and results and methods of solar research and development.
3. The organization of seminars and other meetings on mutually agreed topics concerning problems of research and development in solar energy technology.
4. Exchange visits by specialist teams or individuals to solar energy facilities of the other Agency.
5. Education exchange opportunities for training or study in solar energy research and technology at institutions in the countries of other Agencies.

Other specific forms of cooperation may be jointly agreed by the Agencies.

Selection of the aforementioned teams and individuals will be subject to the approval of DOE and SANCST and will be based solely on the considerations of professional capability, experience and other merit factors.

Article V.

To cover the costs of cooperative activities under this Agreement, the Agencies shall provide funds as follows:

1. Over the five (5) year period of this Agreement, MFNE agrees to designate for deposit in the dollar trust account in the United States Treasury established by the Technical Cooperation Agreement the sum of Fifty Million Dollars (\$50,000,000). An initial sum of \$250,000 will be deposited in the dollar trust account for planning costs and shall constitute a portion of the first fiscal year funding. Funds to be agreed upon each fiscal year thereafter will be deposited on or before January 1 of each subsequent calendar year to cover the Saudi Arabian share of approved program costs.

2. Over the five (5) year period of this Agreement, DOE agrees, subject to the availability of appropriated funds, to designate for deposit in the dollar trust account in the United States Treasury established by the Technical Cooperation Agreement the sum of Fifty Million Dollars (\$50,000,000). An initial sum of \$250,000 will be designated for planning costs and shall constitute a portion of the first fiscal year funding. Funds to be agreed upon each fiscal year thereafter will be deposited on or before January 1 of each subsequent calendar year to cover the U.S. share of approved program costs.

3. Monies will be expended in matching amounts from each Government's contribution to fund fiscal year programs.

4. Monies provided by the Agencies may be co-mingled in order to fund cooperative activities under this Agreement.

5. Treasury shall provide periodic reports to MFNE concerning the use of all funds spent under this Agreement.

Article VI.

1. For each particular project or program within the solar energy areas listed in Articles II and IV, specific annexes to this Agreement shall be executed by DOE and SANCST.

2. Each annex shall contain detailed provisions for implementing that particular project or program, including inter-alia, management of the project or program, exchange of equipment, protection of proprietary information, patents, and liability. Cooperation under these annexes shall be subject to all general provisions of this Agreement.

Article VII.

If any Agency participating in this Agreement is rendered unable because of force majeure to perform its responsibilities under this Agreement, these responsibilities shall be suspended during the period of continuance of such inability. The term "Force Majeure" means acts of God, acts of the public enemy, war, civil disturbances, and other similar events not caused by or within the control of any Agency. In the event of suspension of an Agency's duties because of force majeure, the Agencies shall consult and endeavor jointly to resolve any attendant difficulties.

Articel VIII.

1. This Agreement shall enter into force upon dispatch by Treasury to MFNE of written confirmation that the initial Saudi funds described in Article V above have been deposited in the Trust Account and that the initial U.S. funds described in Article V above have been designated by DOE. This Agreement shall remain in effect for five years unless terminated either in accordance with paragraph 3 below or through expiration of the Technical Cooperation Agreement. The implementation of, and progress under, this Agreement will be subject to annual review by the Agencies.

2. This Agreement may be amended or extended by the mutual written consent of all Agencies participating therein.

3. This Agreement may be terminated at any time at the discretion of either Government, upon ninety (90) days written notice. Such termination shall be without prejudice to any rights which may have accrued under this Agreement and to any Agency up to the date of such termination.

4. All joint efforts and experiments not completed at the termination of this Agreement shall be continued until their completion under the terms of this Agreement, provided sufficient funds are available.

5. All questions related to this Agreement arising during its term shall be settled by the Agencies by mutual agreement.

This Agreement is executed the
in Riyadh, Saudi Arabia.

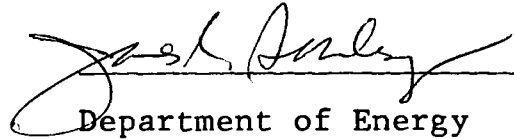
day of

1977

Ministry of Finance and
National Economy

Department of Treasury

Saudi Arabian National Center
for Science and Technology



Department of Energy

THE WHITE HOUSE

WASHINGTON

28 October 1977

MEMORANDUM FOR THE HONORABLE ROBERT CARSWELL
Acting Secretary of the Department of Treasury

Re: U.S.-Saudi Arabia Solar Energy Agreement

The President has reviewed your memorandum of October 27, 1977 on the above subject and has approved your request. The President indicated, however, that he did not like receiving memos at the last minute.

A handwritten signature in dark ink, appearing to read "Rick Hutcheson", with a stylized, flowing script.

Rick Hutcheson
Staff Secretary

~~CONFIDENTIAL~~

TO : President Carter

October 28, 1977

THROUGH: Jack Watson

FROM : USUN - Ambassador Young

SUBJECT: U.S. Mission to the United Nations Activities, October 19-27

1. SOUTH AFRICA DEBATE IN THE SECURITY COUNCIL

The statements thus far have generally been very strong and in one form or another called for economic as well as military sanctions against South Africa. The Africans have tabled slightly revised versions of their four resolutions drafted for the spring Security Council discussion of Apartheid. The Western Five are consulting on a draft resolution that would call for a mandatory arms embargo and recommends a review by all states of their economic relations with South Africa. Despite these advances on positions which we have previously supported, negotiations may be prolonged.

2. THE EGYPTIAN ITEM ON ISRAELI PRACTICES IN OCCUPIED TERRITORIES

The Plenary discussion of this item began October 26. The Egyptians urge the importance to them and the Middle East peace process of U.S. support for the resolution. We have proposed some amendments which would make the resolution acceptable to us, but we don't know if they will be accepted.

3. "SAFETY OF INTERNATIONAL CIVIL AVIATION" RESOLUTION

This anti-hijacking resolution cosponsored by Western, Asian and Latin American countries, but no Arabs and only one African, is presently being discussed in the Special Political Committee. Israel reacted against the decision of the cosponsors that to avoid injection of the Middle East dispute it would be better not to have Israeli cosponsorship of the item. There are current Arab Group amendments which do not include exculpatory language and which the cosponsors are likely to accept.

4. NAMIBIA

The Plenary debate on Namibia has ended. The eight draft resolutions are expected to come up for a vote early next week, after a statement on the "financial implications" has been received from the budgetary committee. As a matter of principle, we and other members of the Contact Group have agreed to abstain on any resolution which addresses the substance of our discussions with the parties.

5. DRAFT CONVENTION ON THE ELIMINATION OF DISCRIMINATION AGAINST WOMEN

The Third Committee has finished its general debate on the question and the convention has been taken up by a working group. A vote is expected on it by the end of November. The general U.S. statement on women's rights was delivered by the U.S. Representative to the U.N. Commission on the Status of Women, Koryne Horbal.

6. AMB. YOUNG'S OTHER MEETINGS: Secretary General of the Swiss Foreign Ministry (10/21); Lunch with Soviet UN Ambassadors Troyanovsky and Issfaelyan (10/25); SPEAKING ENGAGEMENTS: African-American Conference, Williamsburg, Va. (10/22); Founder's Day Program, Dillard University, New Orleans (10/23).

Electrostatic Copy Made
for Preservation Purposes

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-9-29-1-0

BY 125 NARA DATE 2/21/13



THE WHITE HOUSE
WASHINGTON

October 31, 1977

The Vice President

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: HOWARD BUCKNELL'S LETTER
ON THE MIDDLE EAST

~~CONFIDENTIAL ATTACHMENT~~

NLC Review Completed.

CLASSIFIED
Per. R. 1.4
ESD: NLC-126-9-29-2-0
BY JCS DATE 2/21/13

THE PRESIDENT HAS SEEN.



~~CONFIDENTIAL~~

THE VICE PRESIDENT
WASHINGTON

October 31, 1977

ok J

MEMORANDUM FOR THE PRESIDENT

FROM: The Vice President *WJ*
SUBJECT: Howard Bucknell's Letter on the Middle East

Earlier this month you asked me to check with Stan Turner on the substance of a letter you had received from Howard Bucknell (Tab B) informing you of concerns expressed by Dr. Aristid Grosse of possible Soviet sabotage of Persian Gulf oil supplies.

Stan Turner and his staff have analyzed Dr. Grosse's views and have forwarded the report at Tab A. Stan notes that the issue of U.S. vulnerability to crude oil supply disruption is currently the subject of interagency study. The CIA disagrees with Dr. Grosse's suggestion that the Soviets would be able to successfully mount massive covert sabotage of the Persian Gulf. He notes that any such effort would provoke a Western response.

Stan is informing Captain Bucknell that one of the CIA's senior analysts would be pleased to discuss the subject with Dr. Grosse.

~~CONFIDENTIAL~~

SANITIZED
Per: [redacted] Project
ESDN: NLC-126-9-29-2-0
BY: KS HAWK ONE 2/21/13

The Director
Central Intelligence Agency



Washington, D. C. 20505

28 October 1977

MEMORANDUM FOR: Mr. A. Denis Clift
Assistant to the Vice President
for National Security Affairs

SUBJECT: Your Memorandum of 7 October Concerning Correspondence
from Mr. Bucknell and Dr. Grosse re Sabotage of Oil
Shipments from the Persian Gulf

1. I regret it has taken so long to respond to your memorandum of 7 October asking if I had received a letter from Dr. Grosse. I did receive a letter last summer from Howard Bucknell conveyed to me in care of Professor Davis (attached). Not until recently have our analysts here had the opportunity to assess Dr. Grosse's views.

2. Dr. Grosse's reasoning that a Soviet supported move to interrupt the Western world's oil flow from the Persian Gulf is almost inevitably based on several key judgments to which we take exception:

a. We disagree that the operation could be covert. An operation massive enough to severely cripple the West could be identified as Soviet supported.

b. Dr. Grosse fails to take into account the response from the West such an operation would provoke. This would include an all-out effort -- including military action -- to recover and restore Middle East supply facilities.

c. We believe Dr. Grosse has greatly underestimated the ability of the Western world to cope with a severe supply disruption. By drawing on surplus capacity from alternative crude oil and nonpetroleum energy sources, by rationing and conserving existing supplies, and by using company stockpiles the West could greatly dampen the impact. These efforts would be impelled by the war environment created.

25X1

SANITIZED

Per, P&P Project

ESDN: NLC-126-9-29-2-0

BY KS DATE 2/2/13

~~CONFIDENTIAL~~

3. Our own belief is that an operation such as that envisioned by Dr. Grosse -- if conducted on a sufficient scale to be effective -- would be politically too damaging to the Soviet Union to be rationally attempted. Economically, even conceding that all Persian Gulf oil supplies -- some 20 million b/d -- could be shut off completely for up to six months or so, the West could survive the admittedly severe disruption without the widespread chaos envisioned by Dr. Grosse. In sum, Dr. Grosse overstates both the threat and the impact of an operation against Persian Gulf crude oil supplies.

4. We are currently involved in an interagency effort to deal more specifically with the vulnerability of the United States to crude oil supply disruption. There is no doubt that the Persian Gulf, as supplier of roughly 40 percent of Free World oil supplies, is the most lucrative target for interrupting supplies. To completely shut off the Gulf, however, a full-scale military blockade would be required to either interdict tanker traffic or to prevent Western nations from aiding Persian Gulf states in repairing sabotaged petroleum facilities. Without such a blockade, which would require blatant Soviet participation, an all-out effort could effect partial repairs to enable some resumption of crude oil supply within a few months. With a blockade, it is probable a world war would ensue.

5. I propose to send the attached letter to Captain Bucknell providing a brief appreciation of our thinking and offering to have one of our senior analysts meet with Dr. Grosse, if you think this is appropriate.



STANSFIELD TURNER

Attachments

~~CONFIDENTIAL~~

HOWARD BUCKNELL III

Executive Registry
14 OCT
77-2591

Box 5387
Athens, Georgia 30604
June 9, 1977

Admiral Stanfield Turner, U. S. Navy
Director
Central Intelligence Agency
Washington, D. C.

Dear Admiral:

I enclose herewith a short paper entitled "The Second Grosse Report." It concerns the international flow of oil and a significant emerging problem vis a vis the Soviet Union. I will not belabor the importance of the subject. If you will pardon the vernacular, I do not believe in attempting to "teach my grandmother to suck eggs." Your report in April on the International Oil Situation was a significant contribution to our country.

Why should you read this report? Well, there is some background. I chose the title because the first Grosse Report to a U. S. President concerning a significant conjunction of Soviet-American technological/political relations was submitted on August 25, 1953 at the earlier request of President Truman. I obtained my copy from the Truman Library. I was overwhelmed. It outlined, well before the event, the Soviet potential and political incentives for the launching of an un-manned satellite. It discussed the impact of such an event on American prestige. It recommended an appropriate American program. It was ignored by President Eisenhower. Dr. Grosse's predictions, almost word for word, were borne out.

The first Grosse Report dealt with an issue of secondary importance when compared to the subject of the second report. In this second report, Dr. Grosse submits the conclusion that a combination of events and circumstances now make a Soviet supported move to interrupt the western world's oil flow from the Persian Gulf almost inevitable. The politico-economic rewards for the Politburo would be high. The Soviet Union could achieve long-term objectives while appearing publicly as a "savior" to Europe. The risk would be low. The technological problems are easily solved. Defense measures are difficult. And the opportunity, while not fleeting, is transitory. The report summarizes the rationale and the political/technical factors involved. Also there are apparently some

SANITIZED
Per: PEO Project
ESDN: NLC-126-9-29-2-0
BY: KS DATE: 2/21/13

HOWARD BUCKNELL III

- 2 -

"indicators" of possible counter-intelligence value. And Dr. Grosse, as a scientist and chemical engineer, wants to advance a technological approach to combatting this problem.


I feel that this report should be given immediate and serious consideration within your agency and probably through your contacts, equivalent allied agencies abroad. The suggestions advanced by Dr. Grosse can, he feels, be advantageously expanded and improved upon. The President should, I think, be briefed at your discretion. Dr. Grosse advised me that he is at your disposal as to technical consultation.

My background is known to you. I have completed work on my doctorate at Georgia. But I have no particular expertise to offer here. Dr. Grosse's credentials are summarized on an attached sheet. More to the point is that here we have a highly skilled Russian mind giving advice as to modern Soviet thinking. The distinction between "Russian" and "Soviet" is deliberate, appropriate and very important. The thinking involved in Dr. Grosse's concept is conveyed in his enclosed hand-written "scenario" in Russian. Your translators can give you the flavor. STAT

I have discussed this in outline with [] and have asked him to pass to you this letter and its enclosures. Also I would recommend comment by John Erickson at Edinburgh. John has been working recently on oil security problems in the North Sea. T. J. Devine of the Selanese Corporation, New York, has given me some insights on this problem. He was formerly connected with your agency and is a close associate of George Bush. Mr. Devine is very knowledgeable in general oil matters and could be of assistance.

Warm personal regards and best wishes.

Sincerely,


Howard Bucknell, III

HB:js

Enclosures

c/o Dr A. V. Grosse
Mr. T. J. Devine

AFFILIATED WITH THE FRANKLIN INSTITUTE
(FORMERLY RESEARCH INSTITUTE OF TEMPLE UNIVERSITY)

4150 HENRY AVENUE
PHILADELPHIA, PA. 19144
(215) VICTOR 8-8600

TELEPHONE
(215) GERMANTOWN 8-3100

OFFICE OF THE PRESIDENT

5/28/77

Introduction

The western industrialized nations comprising the "core" of the "Free World" are acutely dependent for their economic well-being and their political stability upon oil imported from the Persian Gulf.

As detailed in the April 1977 CIA Report, The International Energy Situation: Outlook to 1985, the United States is substantially dependent upon these imports. Western Europe and Japan, however, without overstatement, are mortally dependent upon these imports. These imports are made largely by sea. (TAP only used at 10% capacity, highly vulnerable to sabotage). As events have demonstrated, under the best of circumstances, the tankers involved are relatively fragile vehicles. The cargo is highly combustible. The destruction of a single ship and the conflagration of its enormous cargo at a strategic point poses no particular problems for any terrorist group. An organized, simultaneous, and sustained covert attack on this sensitive traffic, however, demands a considerable investment of technology and organization. While perhaps beyond the capacity of most of the terrorist groups extant in the Middle East--- the operation touched upon is by no means beyond the capacity of the Soviet Government.

THE SOVIET RATIONALE FOR A COVERT TANKER WAR

1. Why "covert"? - Does not affect "detente" nor "SALT". Permits low profile/low risk investment. Permits USSR to "come to rescue" if feasible/desirable.

2. Why now? - Western dependency on oil imports is rising to a crescendo. International arrangements for alternative energy supplies have not been firmed. Technological

progress in this direction has not yet really started. The Western Democratic Alliance is approaching a condition of maximum economic-political vulnerability but will probably eventually pass through and overcome this vulnerability. They would thus, in the future, be stronger than they are now. Strategic oil stockpiles are as yet only partially started amongst the OECI nations signatory to the International Energy Agreement. The Soviet need for Mid-Eastern oil is approaching but not yet upon them.

3. Why destroy the Industrial West ? Destruction (re. economic/political/social collapse) of the West might be received with equanimity in Moscow depending upon the theoretical perspective involved. However the ability to weaken the West, fragment it politically, and reap great economic and industrial benefits from what remains would be the greater prize.

4. The potential for mischief varies. An organized covert strike stopping oil shipment operations from the Persian Gulf would affect the United States painfully. Japan, even with increased output from Indonesian fields would be crippled as an organized society. The impact in Europe would be essentially to return the Common Market "Nine", and peripheral nations to a pre-industrial condition with starvation rampant.

Once such an event were launched little could be done to "save" Japan. In all probability her government's only recourse would be to attempt to transport millions of her population to other countries (including China or the Soviet Union) on a "slave-labor exchange" in order to prevent social chaos in an unemployment society. Her political affiliations would vary in proportion to her needs. A radical increase in Soviet influence in Japan would be possible but not ensured. The USSR having caused Japan's collapse would not necessarily have the means to offer her survival alternatives.

Western Europe, however, offers a somewhat different picture. Here the possibility also exists for the Soviet Union to induce collapse of the existing economic structure and political alignment of Western Europe. But there is the alternative prospect of also being able to offer Western Europe a "solution" to their problem once it has been imposed. This solution is dependent upon the Soviet Union's ability to deliver oil to Western Europe at something around (or slightly above) subsistence levels. This might involve 1) access to and rapid development * of Iraqi fields and 2) additional piping through Eastern Europe. Western Europe's economic capacity is the largest in the world. Under Soviet domination--- the prize is worth an effort of considerable magnitude.

* IRAQ — key country —

THE TECHNOLOGY OF THE ATTACK

1. Preferred combustibles (persistent burning)
2. Preferred delivery methods - *chemical engineering expertise - should discuss*

THE TACTICS OF ATTACK

1. Security in the refinery/tanker loading areas.
2. Lack of security in the more open areas of the approaches to the Strait of Hormuz and off Bahrain.
(Not appropriate in this study to attempt detailing of refinery/loading sites)

THE ORGANIZATION OF TERROR

1. Reliance on indigent politically-oriented terrorist groups would be too risky for the Politburo. It would necessarily recruit and covertly train its own cadre of personnel dedicated to this mission--probably in the Soviet Union itself for security reasons.

2. Nevertheless, personnel drawn for the mission would preferably be of appropriate ethnic origin for language and infiltration/survival purposes. U.S. problems in the Bay of Pigs operation or precisely firmed coordination of events would be avoided. The objective would simply be to "light off a tanker" at the right place and then to progressively light off more until the enormous resulting fires would literally engulf the Persian Gulf and the refineries of its littoral.

THE POSSIBILITIES OF COUNTERMEASURES

1. Anticipation of planned defense against terrorism instituted by unplanned actions of individuals is difficult. Defense against a highly organized and sophisticated effort is doubly difficult.

2. Setting out of "indicators" necessary

3. Security provisions necessary

4. Technical steps to combat the tragedy appropriate

a. Foam--The most effective large scale oil-fire extinguisher

(1) Different types

(2) Wind/tide effects and problems

(3) Post-application (clean-up) considerations

(4) Quantities involved (We are discussing perhaps the largest and most intense fire ever seen on Earth).

b. Delivery of foam

(1) At refinery and shore sites

(2) At sea

(a) Air delivery-land-based? carrier-based?
Security of stored foam itself a consideration- Army Chemical Corps
has foam stored at Edgewood Arsenal - quality & quantity unknown.

Austin V. Jasse.

DR. Aristid V. Grosse - Biographical Data -

also numerous monographs, translations, articles,
book rev. Name: 3115 Ashlyn St., Phila. 15204

GROSSE, Aristid V. (born'st), research chemist:
b. Riga, Russia, Jan. 4, 1905; s. Victor G. and Ella
(Lilien) G.; Dr. Engling, Technische Hochschule,
Berlin-Charlottenburg, Germany, 1927; came to U.S.,
1930, naturalized, 1937; m. Irene Lilien, Mar. 3,
1932; 1 son, Aristid. Research chemist, Kaiser Wil-
helm Inst. for Chemistry, Berlin-Dahlem, Germany,
1927-28; Med. Analysis Lab., Shanghai, China, 1928-
29; research asso., Technische Hochschule, Berlin-
Charlottenburg, Germany, 1929-32; visiting asst. prof.,
Dept. of Chemistry, U. of Chicago, 1931-40; research
asso., Universal Oil Products Co., Chicago, 1930-35;
asso. dir. of research, 1935-40; John Simon Guggen-
heim Research fellow, Dept. of Physics, Columbia U.,
1940-41; asso. with H. C. Urey in war research labs.,
Columbia U. (Manhattan Project), 1942-43; cons. on
synthetic rubber, Houdry Process Corp., Phila., since
1942; chief consultant on synthetic rubber, WPA
Washington, D.C., 1942-43; dir. research, Houdry
Labs., Houdry Process Corp. of Pa., 1943-48. Pres.
Research Inst. of Temple U., Phila., since Sept. 1948.
Mem. American Rubber Mission to Soviet Union, Dec.
1942-April 1943. Member American Chemical Society
American Inst. Aero. and Astronautics, Chemical
Society (London), A.A.A.S., Am. Physical Society,
Sigma Xi. Conglist. Author: Chemie der Metallorgan-
ischen Verbindungen, 1937. Specialized in catalytic
chemistry of hydrocarbons, radioactivity; proved with
A. Nier, E. Booth and J. R. Dunning, slow neutron
fission of uranium 235 (1940); developed (with J.R.
Dunning and E. Booth), 1940-43, fundamentals of
diffusion process for separation of U235; discovered
(with W. Libby) cosmic ray carbon, 1947; cosmic
ray tritium, 1950; high temperature research; flame
studies; rocket propulsion fuels; ozone studies. Home:
456 Glynwynne Ar., Haverford, Pa. 19041. Office:
Research Inst. of Temple Univ., Phila. 19144, U.S.

GROSSE, Carmine James, steam generating and
fuel burning co. exec.; b. Paterson, N.J., Apr. 1,
1913; s. Carmine and Lucia (Luce) G.; U.S. in
Mech. Engling, Ga. Inst. Tech., 1935; m. Elina
" " " 2 1936- children—Michael Barrett,

1975 1976 in literature

GROSSE, Aristid Victor. Research chemist B. 1905. Educ. Dr.
Engin., Technische Hochschule, Berlin-Charlottenburg,
Germany. M. 1932, Irene Lilien. S. Aristid Victor, Jr.
Career: Research Chemist, Kaiser Wilhelm Inst. for Chem.,
Germany 1927-28; Med. Analysis Laboratories, Shanghai
1928-29; Research Associate, Technische Hochschule 1929-
32; Visiting Asst. Prof., Dept. of Chemistry, Univ. of Chicago
1931-40; Research Assoc., Universal Oil Products Co.,
Chicago 1930-35 (Assoc. Dir. of Research 1935-40); John
Simon Guggenheim Research Fellow, Dept. of Physics,
Columbia Univ. 1940-41; associate with H. C. Urey in war
research labs., Columbia Univ. (Manhattan Project) 1942-43;
Consultant on synthetic rubber, Houdry Process Corp.,
Philadelphia since 1942; Chief Consultant on synthetic
rubber, W. P. B., Washington 1942-43; Dir. of Research,
Houdry Labs., Houdry Process Corp. 1943-48. Member of
American Rubber Mission to Soviet Union 1942-43. President,
Germantown Laboratories Affiliated with The Franklin In-
stitute, formerly The Research Institute of Temple Univer-
sity, Philadelphia since 1948. Member: Amer. Chemical
Soc.; Amer. Assn. for Advancement of Science; Amer.
Physical Soc.; Amer. Inst. Aero & Astro.; Sigma Xi. Award:
Special Recognition from U.S. Atomic Energy Commission,
discovery of U235-fission and dev. Oak Ridge Diffusion
Process for separating U235. Publications: (with E. Kraus),
Chemie der Metallorganischen Verbindungen, (1937);
numerous scientific papers. Specialized in catalytic chemistry
of hydrocarbons, radioactivity, high temperature research;
flame studies; new oxidizers and fuels for rocket propulsion
and detonation; ozone studies; containment of liquid metallic
substances up to 5000°C and properties of liquid metals
(density, viscosity, electrical and thermal conductivity,
self-diffusion, vapor pressure) up to their critical temperature;
noble gases, solidification, efflux time, natural life of soap
bubbles, liquid pillars. Republican. Address: 456 Glynwynne
Road, Haverford, Pa. 19041; and office 4150 Henry Avenue,
Philadelphia, Pa. 19144, U.S.A.

1975
Edition
Int'l Year
Book
and
Statesmen's
Who's Who



INFORMATION OFFICE
EDGEWOOD ARSENAL
EDGEWOOD ARSENAL, MARYLAND 21010
PHONE: 676-1000, ext 4211

FOR IMMEDIATE RELEASE
February 23, 1968

EA-180-P-68

Doctor A.V. Grosse, president of the Temple Research Institute (right), offers handful of foam to General F. S. Besson, Jr., Commanding General of the Army Materiel Command and John R. Dunning, Dean of Engineering and Applied Sciences Columbia University during demonstration conducted at Edgewood Arsenal, Md., to show suggested methods of using foam for riot control and military operations. (Edgewood Arsenal Photo)

— Scenario by V. Grosse —

В каком году расстреливай,
В каком году грабывай
Сонин в Москве

Три товща!

Один — Ц.Т.О*- глава

Второй — правая рука

И третий прямо из Кремля!

И задаем им такие вопросы:

Как у Вас в ЦТО дела?

Да у нас в ЦТО есть все и всё

у нас и те и те,
и делаем и то и то!

у нас и немцы и японцы,

и французы и чехи,

американцы, англичане

и арабы и арабы,

и армяне и ~~казахи~~ цыгане

и злодеи и евреи!

арабам, жидовкам — и свои, свои ребята

И они у нас даже некую
сочинили;

Которую каждый наш пошляк

На горе Арарат —
 растет сладкий виноград,
 А чуть дальше град Багдад
 — еще слаще виноград;
 а отсюда до Замба —
 очень близко — прямо дубо!
 Нам на горе всем буржуем
 Мировой пожар раздуем!!!

А кто раздувать то будем?
 — вопросом это из Кремля!

Да у нас три парня есть:
~~Минька~~ Минька Огонек,
 Ванька Тонсарский
 и Ванька Темел
 — их никто не перебьет!

Они тебе такой мировой пожар
 раздуют!

Ито темной ночью у негра в псоне
 Будем свешло как джеле!

~~Минька Огонек~~
 Они тебе каждую буровую скважину
 так зажгут,

И кроме того,
У нас есть в И.Т.О
Взвук Марии Складовской
(либо ей сестры)

— от тебе каждой нейтронпровод
так ~~увеличить~~ радиационностью
Ты потом подальше издадим
лишнее надо!

А как мы делаем?

Для начала будем порошить
брюшко таккером

А когда нефть расклевываем
в Тромбле

Будем поджигать!!!

А кто будем — виноваты?

Да всем арабам будем дать
— Ты жиды — подожгли!

И так даем Евраю?

Даем Евраю! —
Сначала Ишанго,

— ишангские товарищи помогут!

Потом Францию —

французские товарищи помогут!

А зачем Германию,
всех Хитров - германские
товарищи пожерли!

А потом, что осталось
как англичанки, да голландки
и иттанки -
голыми руками заберать будем

А какой у Вас лозунг?
"Да Картера в Карцер!"

"Scenario"

by V. Grosse

In what year, should one calculate
In what year, can one guess
Three rascals got together in Moscow!
One -- I.T.O.* -- the chief
The second -- his right hand
And the third right out of the Kremlin!

And he asks here one question:
How are things with you in the ITO?
Yes, in the ITO we have everything, all --
We have these and those and we do this and that
We have Germans and Japanese
And Frenchmen and Khupkhuzy
Americans and Englishmen
And Arabs and villains
And Armenians and gypsies
And scoundrels and jews!
Arabs, Yids and also their children
And in our country they even composed a song;
Which each of us understands:

On Mount Ararat
Sweet grapes grow
And a little further is the
city of Bagdad
-Where there are still sweeter grapes
And from here to the Persian Gulf
Very close, a real wonder
There on the mountain for the
bourgeoisie
We will start a global fire

And who will be fanning the flames?
--that is asked in the Krelin

Yes, there are three fellows in our country:
MISHA OGONYEK (Tr: little flame)
VASYA POZHARSKIY (Tr: enflamed)
and VANKA Noose (Tr: as in hangman's noose)
--these no one can vanquish!

*possibly Institute of Technical Training (Ministry of
Communal Economy)

They will start you such a world conflagration
That a negro's backside in the dark
Will be bright as day!
Misha Ogonek will reserve to himself every drilled well
And besides that,
In the I.T.O. we have the grandson of Mariya
SKLODOVSKAYA (or her sister)
--he will make every oil producer so radioactive
That you'll have to calculate them in light years.
But how to begin?
For a beginning there will be a breakup
of the belly (Tr: also corporation) of tankers
And when the oil is spread out in the strait it
will be ignited.
And who will be - guilty?
To all of the Arabs it will be clear
--That the yids - started the fire!

And so you give up Europe?
Let's give up Europe!
First Italy
--Italian comrades will help!
Then France -
French comrades will help!
And then Germany
all (Germans) - German comrades will
cancel out.
And then what will be left
like Englishmen and Dutchmen, and Spaniards
with their bare hands will take over.

And what is your slogan?
"Take Carter to the Punishment Room"!



THE PRESIDENT HAS SEEN.
MERSHON CENTER

Programs of Research and Education in Leadership and Public Policy
The Ohio State University
1712 Neil Avenue
Columbus, Ohio 43210

Richard C. Snyder, Director
Charles F. Hermann, Associate Director

October 3, 1977

Phone: 614-422-9701

*for 3 - 5 Stain
check on this
J*

James E. Carter
President of the United States
The White House
Washington, D. C.

Dear Jimmy:

I think that you or one of your senior staff should briefly interview Dr. Aristid Grosse, President, Germantown Laboratories, Philadelphia (215 - VI8-8600/215 - MI2-7985) quite soon. He has information that could be very useful or, in the wrong domestic political channels, very embarrassing. I do not believe, however, that he intends to "go public." His Republican friends, however, might not have his compunctions.

Grosse, as a result of an earlier request by Truman, attempted to inform Eisenhower that the Soviet Union was developing a Sputnik. He could not gain entree. Eisenhower was advised that, "the Navy had the problem well in hand." They did not. You know the rest.

Grosse, now in his seventies, is a distinguished chemical engineer, scientist, and inventor. He remains very active. He has never forgotten the Sputnik affair and "what could have been done." He now predicts concentrated planning for a massive sabotage effort in the Persian Gulf area to halt world-wide oil shipments when it would hurt the most. He has specialized information and specific counter-measures in mind. I've written about this to Stan Turner. No reaction to my knowledge. No one has contacted Grosse. He grows increasingly restive.

President James E. Carter

-2-

October 3, 1977

New subject. Shale oil again. Your letter of June 10, 1977 refers. The water question in Colorado, Utah, and Wyoming. I am beginning to get a handle on this. The engineers of the companies involved all claim "no problem for 50 years." But so far no factual data. I am going to take on a part-time consulting job with Occidental Petroleum which has the technological lead in this area. My first recommendation will be that the details of the water question be plainly laid out.

I think the situation is rapidly building towards the point where you are going to need a substantial new domestic liquid fuel supply to control oil prices, moderate the balance of payments deficit, and curb inflation for our own good and the health of the OECD. Shale oil may well be the answer. A significant national security impact is also involved. Just as it costs less to save a barrel of oil than to produce it, it costs less to produce what is needed at home than to "protect" what is shipped from abroad. I know, however, that you can't "back a loser"; will keep you informed.

Warm personal regards to you and Rosalynn.

Sincerely,



Howard Bucknell III, Ph.D.

HB:aft

9





Washington, D.C. 20505

Captain Howard Bucknell, USN (Ret.)
Box 5387
Athens, Georgia 30604

Dear Captain Bucknell:

STAT
Your letter to me i [redacted] dated 9 June somehow
got set aside. [redacted] called it to my attention promptly but not until
recently did I ask some of our experts to comment on Dr. Grosse's views.
In brief, they are inclined to point out that his reasoning may be based
on several key judgments to which they take exception. [redacted] They seriously
doubt the operation could be covert. Also the propagator would run an
extremely high risk of direct retaliation by the United States.

I would be happy to have one of our analysts meet with Dr. Grosse
and exchange ideas. Certainly his unique background and experience
are impressive.

Yours sincerely,

STANSFIELD TURNER

SANITIZED
Per: RCP Project
ESDN: NLC-126-9-29-2-0
BY: KS NARA DATE 2/21/13

2⁰⁰ p.m.

THE PRESIDENT HAS SEEN.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

October 31, 1977

Meeting with Robert Partridge, Executive
Vice President and General Manager of the National
Rural Electric Cooperative Association

Monday, October 31, 1977
2:00 p.m. (20 minutes)
The Roosevelt Room

From: Stu Eizenstat

Stu

I. PURPOSE

We are told the NRECA representatives will want to discuss the following topics:

(a) Their invitation to you to speak at their annual meeting to be held in Las Vegas February 5-9, 1978.

(b) The Administration's energy proposals, which they reportedly believe overestimate the possibilities for conservation and give too little attention to the need for expanding energy production.

(c) The OMB/USDA budget issue analysis of the electric programs of REA and which they expect will be unsympathetic to the REA program and to the rural electric cooperatives.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background

1. NRECA: NRECA is the service organization for almost all of the nation's 1,904 rural electric systems financed by the Rural Electrification Administration. Through NRECA, member systems coordinate activities, exchange information, confront problems, and share service opportunities. Formed in 1942, the association provides legislative services, and programs in management, insurance, public relations and advertising, research, and energy and environment. A nonpartisan and nonprofit organization, NRECA finances its operations with annual dues from its members and with income provided by its revenue-producing services. Mr. Robert D. Partridge, the General Manager of NRECA, was employed by REA from 1945 to 1961, and has served in his present position since 1968.

2. REA Program Trends: The REA program has expanded from \$438 million in FY 1972, to \$1.9 billion in FY 1975, to \$4.8 billion in FY 1977. Most of this increase is in loan guarantees, but within these figures subsidized loans increased from \$438 million in FY 1972, to \$700 million in FY 1975, to \$850 million in FY 1977.

3. Annual Meeting: The NRECA annual national meeting is attended by 8-10 thousand representatives of the nearly one thousand rural electric cooperatives. At this national meeting the representatives put together a statement of policy resolutions for the coming year.

4. Administration Energy Proposals: NRECA has endorsed development of the breeder reactor. They believe that the energy conservation assumptions in the National Energy Plan are too optimistic, and that the Plan avoids facing up to the need for building a lot more electric generation capacity using conventional (coal and nuclear) fuels.

5. OMB/USDA Study: NRECA has been an active member of the study task force since the beginning. There have been differences of opinion as to the scope and focus of the study, and the study leaders have tried to incorporate NRECA's legitimate suggestions whenever possible. NRECA has become increasingly critical in recent weeks and has criticized the study publicly (see attached newsletter). (Study as indicated in Ic)

B. Participants

Mr. Gene Porter, President, Viola, Kansas
Mr. Dalton Knight, Vice President, Bossier City, La.
Mr. Angus Hastings, Sec.-Trea., Citra, Florida
Mr. Robert Partridge, Exec. Vice President, Washington, D.C.

C. Press Plan

Press photo opportunity

III. TALKING POINTS

1. Regardless of whether you attend the annual meeting, you might ask if they are inviting other members of the Administration to discuss the energy situation. It would be useful to have the Administration's case presented early in the meeting, before their resolutions are adopted.

2. Reportedly, the coops have done little to promote the "weatherization" programs under which they are the selling agents and delivery point for Farmers Home Administration loans to families for home insulation. Actual loans made were only \$48,000, compared with an initial estimate of \$500 million. You might register disappointment in this performance and ask for their suggestions on how it could be improved.

3. The coops rate structures continue to decline at a much faster rate than those of the rest of the electric industry, with the result that conservation of electricity is discouraged and low volume users, generally lower income families, are penalized. You might suggest that they work to make these rate structures more compatible with the realities of our energy situation.

4. The coops insist that their electric rates be subsidized, regardless of whether the subsidy is needed to provide electricity at reasonable rates. You might note that this is contrary to the policy of the National Energy Plan that energy be priced to reflect the full cost of production.

RURAL ELECTRIC NEWSLETTER

A ROUNDUP OF LEGISLATIVE, REGULATORY AND POLITICAL NEWS AFFECTING RURAL ELECTRIFICATION



Washington, D.C.—Under the rules and procedures governing Congress, provision is made for the speedy consideration of non-controversial measures by attaching them as “riders” to more significant legislation. As an illustration, here are a few of the important bills now before Congress, along with the “riders.”

- **H.R. 4018**—A bill to suspend the import duty on certain doxorubicin hydrochloride antibiotics. Rider: The Public Utilities Regulatory Policy Act.

- **H.R. 5289**—A private bill for the relief of Joe Cortina of Tampa, Fla. Rider: legislation to establish a comprehensive natural gas pricing policy.

- **H.R. 5037**—A private bill for the relief of Jack R. Misner. Rider: The National Energy Conservation Policy Act.

- **H.R. 5146**—A bill to provide for the duty-free entry of bobsleds and luges. Rider: The Coal Utilization Act.

Briefly . . .

► **Representatives of the nation's** rural electric press were in Washington this week meeting with congressmen, NRECA, CFC and USDA. Today, they were scheduled for a meeting at the White House to be attended by editors of other cooperative publications. The rural electric editors are responsible for publications read by more than 25-million members of rural electric households. . . . The Senate Environment and Public Works Committee voted to “postpone indefinitely” President Carter's nomination of Marion Edey, an environmental activist, to the Council on Environmental Quality. According to a statement read by Sen. Edmund S. Muskie (D-Maine), chairman of the Environmental Pollution Subcommittee, Edey
(Continued on page 2)

Co-ops Denied Full Role in REA Study

► The chief spokesman for the nation's rural electric cooperatives yesterday corrected an OMB assertion that NRECA had been a full participant in a study of REA and the rural electrification loan program. The first draft of a report, based on the study conducted by OMB (Office of Management and Budget) and USDA under a presidential order, is currently being circulated by coded copy number within government. NRECA has been denied an opportunity to participate in the study since Sept. 8 and has been refused a copy of the draft report, apparently a decision of OMB.

Robert D. Partridge, NRECA executive vice president, both in statements to the *Newsletter* and in a letter to OMB, made clear that NRECA initially cooperated in the study, made known its wish to continue to participate, was denied participation at a crucial point, has been denied official access to the first draft of the study and, therefore, rejects any implication that it endorses the conclusions, whatever they may be.

The assertion that NRECA was afforded full participation in the study came in a letter from OMB to Sen. Hubert H. Humphrey (D-Minn.) dated October 5.

As previously reported, NRECA became skeptical of the study when it discovered the agenda was patterned after a 14-month-old OMB “strategy” paper which, if followed, would have resulted in a severe reduction of the federal role in rural electrification and a resulting escalation of interest rates on loans. The discovery was reported in the Sept. 9 *Newsletter*. During the early stages of the study, it became apparent that OMB was excluding data presented by NRECA and USDA which tended to show a continued need for low-interest loans which are available only through federal participation.

REA borrowers now are eligible to receive loans through a 2% or 5% “insured” loan program augmented by nongovernment loans, or federally guaranteed loans using funds obtained from the open money market by the Federal Financing Bank. NRECA economic studies show that only through federal participation in the program and nonprofit operations are the cooperatives able to supply power to their members in the thinly populated rural areas at rates comparable to those charged to urban consumers by power companies.

Over the years, the cooperatives have been critical of OMB and its forerunner, the Budget Bureau, taking a “balance
(Continued on page 2)

Briefly — from page 1

was rejected because she "has been an inflexible and indiscriminating opponent of the kinds of projects and activities which the council must review." The committee earlier had rejected the nomination of Kent Hansen to the Nuclear Regulatory Commission, a move some senators said was based on Hansen's lack of experience in dealing with "policy matters." The committee confirmed the nomination of Peter Bradford as a commission member and Joseph Hendrie to be chairman. The nominations now go to the full Senate.

. . . **The 78th edition of the *Yearbook of Agriculture*** was published with the theme "Gardening for Food and Fun." The 432-page book, free from members of Congress, and \$6.50 from government bookstores, provides practical information and advice both for novice and experienced gardeners. . . . **Two state senators and about 30 farmers and ranchers** agreed to form a corporation to build a grain alcohol plant in Nebraska for the manufacture of "gasohol." The plant would be the first in the nation to make gasohol, a mixture of 90% gasoline and 10% grain alcohol. The plant is projected to cost \$25-million. . . .

The House approved a fuel tax on commercial users of inland waterways, the first ever levied on barge lines to help finance federal navigation projects. The measure would impose a tax of 4¢ per gallon as of Oct. 1, 1979, a figure that would climb to 6¢ on Oct. 1, 1981. The bill must be reconciled with a Senate measure that would charge barge users 100% of the annual cost of operation and maintenance of the river projects and 50% of construction costs for new building. Those fees would be imposed over a ten-year period. The legislation includes authorization for rebuilding Locks and Dam 26, supported by NRECA. . . . **Sen. William Hathaway (D-Maine)**, introduced legislation aimed at solving a home insulation shortage this winter by requiring the Secretary of Energy to monitor the allocation of insulation supplies. The legislation seeks to allow allocation of insulation in event of regional disparities or spot shortages. . . . **The House Post Office and Civil Service Committee** passed a bill to increase congressional control over the U.S. Postal Service and provided \$500-million to retain Saturday mail delivery and small town post offices. . . . **Sen. Pete Domenici (R-N.M.)**, joined by 14 other western senators, introduced legislation calling for a year's delay in the breaking up of large

(Continued on page 3)

Co-ops Denied — from page 1

sheet" view of the REA program which was never intended to yield a profit but to help farmers and other rural people receive reliable electric service at reasonable cost.

Following publication of the Sept. 9 *Newsletter*, Sen. Humphrey in a letter to OMB expressed his concern about the alleged lack of objectivity in the study. On Oct. 5, Acting OMB Director James T. McIntyre, Jr., brushed over Humphrey's and NRECA's concern stating that "as far as we know they did not have any major problems with the outline and any changes they recommended were made."

The record does not support McIntyre's statement: In July, NRECA presented a list of concerns about the study. In the July 29 *Newsletter*, NRECA recapped its concerns and commented about its reservations on the study. Upon discovery of the 1976 "strategy," in the Sept. 9 *Newsletter* NRECA again expressed its distress about OMB's unconcern for the needs of rural people.

NRECA's views were made known through the initial participation of its chief economist and communicated in writing to the chief study coordinator in a letter on July 12. In addition, the *Newsletter* is received and reviewed by OMB at a high level.

Partridge's letter to McIntyre (with copies to Humphrey and Sec. of Agriculture Bob Bergland) follows:

Your letter of October 5 to Senator Humphrey concerning the OMB-USDA study of the rural electrification program indicates some substantial misconceptions within OMB regarding NRECA participation in that study.

Your letter states that NRECA "views and recommendations as to the content and conduct of the study have been accommodated to the fullest extent possible, consistent with the objective of producing a thorough and objective study," and that "this Administration has marked a new era of openness and objectivity in government, which is exemplified by the decision to have the two main advocates of the rural electric program actively participate in the design and conduct of this study."

I, therefore, feel compelled to advise you that (1) NRECA has been denied access to the draft report of the study group currently being reviewed by Government officials, (2) NRECA has had no opportunity since September 8 to participate in the work of the study task forces, and (3) NRECA's initial suggestions regarding the objectives, data, content, and structure of the study have in large measure been disregarded.

In our judgment, the continuing denial of our requests for access to the initial draft of the study is wholly incompatible with the concept of "openness in Government."

As you know the President requested that this study be thoroughly objective. Later on, the possibility of such objectivity being possible was called into question when we learned that an OMB staff paper written in 1976 called for certain changes in the REA program, including substantial decreases in federal assistance. The outline adopted for the current study is much the same as that contained in the 1976 OMB paper.

Any recommendations to the Congress which may result from this study will inevitably bear upon the vital interests of our members. We urgently and respectfully renew our request that we be given a copy of the study draft, and afforded an opportunity to discuss with appropriate Government officials the potential effects of its content on our membership.

House Speaker Thomas O'Neill (D-Mass.) has said he anticipates the entire energy package will be completed by about Nov. 8. Senate Democratic Leader Robert Byrd says he plans for the Senate to finish work on everything but energy by Nov. 5, then to recess three days at a time until the energy conference reports are ready for final consideration on the Senate floor.

Conference Faces Energy Legislation

► Proclaiming itself to be in a "compromising mood," the 43-member House-Senate Conference Committee started work this week on a series of bills that will set the nation's energy policy.

According to the plan of action revealed at Tuesday's organizational meeting, conferees will take up the least controversial portions of the energy program first, starting this week with an energy conservation bill whose main feature is a program for utilities to help consumers' "weatherize" their homes.

Next on the conference agenda will be legislation designed to encourage utilities and other industrial energy users to convert from the use of oil and gas to the use of coal.

Third will be that portion of the energy program dealing with electric utility rate reforms. This would include measures relating to pancaking, wheeling and pooling, interconnection, anti-trust review, co-generation and several retail rate proposals.

Finally, conferees will wrestle with the two areas considered to contain the most divisive issues—federal controls on natural gas pricing and the energy tax package.

The Senate's approach to the tax portion of the energy program is in opposition to that proposed by the President, which contained mostly tax hikes designed to discourage energy use through higher prices. Instead, the Senate package would provide some \$32-billion in tax cuts, credits and incentives, intended to promote additional energy production. The bill reflects a strategy mapped out by Senate Finance Committee Chairman Russell Long (D-La.), intended to produce a final energy tax bill in the conference committee which will combine House-passed tax increases with the Senate's ideas on how to spend the proceeds.

By Thursday, the conferees had approved a plan to let utility companies make home weatherization loans.

As conference action on the five major segments of the overall energy package is completed, each will be returned to the full House and Senate for final consideration of the compromise version. When finally approved, they will then be sent to the White House as separate pieces of legislation, giving the President the opportunity to veto part of the overall program without being forced to reject the entire thing.

Briefly — from page 2

farms that receive irrigation water from federal reclamation projects. As a result of court rulings, Interior Secretary Cecil Andrus has ordered the enforcement of a 1902 law limiting federal water deliveries to farms not exceeding 160 acres in single ownership or to 320 acres owned by a family. Joining Domenici were Sens. Alan Cranston (D-Calif.), Henry Jackson (D-Wash.), Lloyd Bentsen (D-Tex.), James McClure (R-Idaho), Ted Stevens (R-Alaska), S.I. Hayakawa (R-Calif.), Milton Young (R-N.D.), Dewey Bartlett (R-Okla.), Robert Packwood (R-Ore.), Mark Hatfield (R-Ore.), Malcolm Wallop (R-Wyo.), John Tower (R-Tex.), Orrin Hatch (R-Utah) and Jake Garn (R-Utah).

... **The heads of two New York** inquiries into the July 13 power blackout told Congress the federal government should have the authority to order interstate power pools to supply one another with electricity. ... **President Carter** accused the oil companies of "potential war profiteering in the impending energy crisis" and said "the biggest rip-off in history" would occur unless Congress passes his energy program. ... **Two key negotiators** warned consumers that higher gasoline and other energy prices will result no matter what compromise is reached by a conference committee on conflicting House and Senate bills. ... **Western state congressmen** said President Carter has told them the nation faces a severe water shortage and he will no longer fight reclamation projects. Rep. Dan Marriott (R-Utah), said Carter told him he once thought that new surface water projects were not needed because plenty of water was available. But Carter has changed his mind and has decided "the nation is in severe trouble from a dangerously low level of underground water," Marriott said. ... **Colorado Rural Electric Association** called for an "energy voucher program" to aid those on low or fixed incomes, the elderly and disabled in meeting steadily increasing energy costs. ... **American oil companies** own 47% of the nation's known reserves of uranium ore and 41% of its uranium milling capacity and hold 12% of known U.S. coal reserves, according to a new congressional study. ... **Rep. John Moss (D-Calif.)**, charged that big companies with interests in uranium lands show "a disregard for law, a subversion of law, an abuse of the law" in buying interests without checking the validity of the original claims. ... **Three Catholic University physi-**
(Continued on page 4)

Briefly — from page 3

cists have invented a new kind of glass "sponge" strong enough to contain radioactive wastes safely for thousands of years, they said at a press conference on the university campus in Washington. . . . The TVA board of directors approved a load management test involving home water heaters, remote control and various heat storage methods as an approach to helping to hold down electricity costs for consumers. . . . **Supporters of a bill** to establish a federal consumer agency said they can still find enough votes in the House to pass the embattled proposal this year. . . . **W. Donham Crawford**, president of the Edison Electric Institute, was elected a director of Gulf States Utilities Co., Beaumont, Tex. He is expected to be elected chairman and chief executive officer in the spring. . . . **Sophisticated technology** that will enable utilities to better control their residential loads and make more efficient use of existing generating capacity will be presented and demonstrated at a public power energy conference Nov. 1-3 at the Hyatt Regency Hotel in Nashville, sponsored by the American Public Power Association. . . . **Karen Noble Hanson**, a rural development specialist, has been named the first woman state director of the Farmers Home Administration. She was named by Agriculture Secretary Bob Bergland last week to be New York director. . . . **Boosting food production** to adequately and efficiently feed nearly 4-billion mouths while dealing with finite energy resources is the challenge to be faced by the American Society of Agricultural Engineers during a three-day meeting, Dec. 13-16, at the Palmer House hotel in Chicago. . . . **Edwin Kinter**, director of the Energy Department's Magnetic Fusion Division, said deuterium, "a truly inexhaustible energy source," can easily be derived from plain water.

RURAL ELECTRIC

NEWSLETTER

National Rural Electric
Cooperative Association
2000 Florida Ave., N.W.
Washington, D. C. 20009

FmHA Bill Would Hurt Rural Areas

► NRECA's rural development legislative specialist, Bill Murray, pointed out in testimony before a Senate agriculture subcommittee last week that the association strongly supports retaining the present 5% interest rate on FmHA water, sewer and other community facility loans.

S. 2146 would increase the interest rate for direct FmHA community facility loans to a "rate comparable to that prevailing in the private market for similar loans." Another bill, S. 312 introduced by Sen. Henry Bellmon (R-Okla.), would permit an even greater increase in the direct loan interest rate. Both bills, which were the subject of a hearing before Sen. James Allen's Subcommittee on Credit and Rural Electrification, also would authorize FmHA to guarantee loans of private lending institutions at a rate negotiated between borrower and lender.

Murray said that it is doubtful that the increase would save the government money as claimed. It could result in FmHA having to provide additional grants to make it possible for many communities to qualify for the more costly loans. FmHA has authority to make up to a 50% grant for a water or sewer system. Bills are now pending before Congress that could raise this ceiling to from 75% to 90%, and authorize up to \$1-billion in grants annually.

Congress has recognized that many communities cannot even afford the present 5% rate for water and sewer loans, by appropriating substantial amounts of grant funds in recent years, Murray said. The grants, in effect, reduce the interest rate to as low as 2½%.

Undoubtedly, Congress felt and still does, he said, that such basic rural development components are essential to help rural areas stabilize their populations and to hold or attract new job-creating enterprises. "Without central water and sewer disposal, the prospects for development in rural areas are very slight."

Murray also questioned whether present holders of 5% FmHA loans, both individual farmers and communities, would be forced to "graduate" to higher interest, guaranteed loans.

"It seems ironic to us that at the same time that billions of dollars in grants are being provided for . . . metropolitan areas, the administration is insisting rural communities pay the full cost of financing such facilities."

Second Class postage paid at Washington,
D.C. and at additional mailing offices.

NEWSLETTER

(NEWSPAPER HANDLING)

Sec. PSM 125.4

* 09-000 20503ROBINE000A
ERIC ROBINSON
CHIEF AGRIC BRANCH
OFFICE OF MGNT & BUDGET
WASHINGTON DC 20503

10/21/77

THE WHITE HOUSE
WASHINGTON
October 31, 1977

Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

RE: FY 1979 DOD Budget Level

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
/		LANCE JM
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

Re: 1:30 meeting



THE PRESIDENT HAS SEEN.
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Jim
J

OCT 31 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *James T. McIntyre, Jr.*
SUBJECT: FY 1979 DOD Budget Level

Harold Brown may discuss the 1979 Defense budget level in his meeting with you today. As background, in reaching an overall Defense planning level, two major issues must be resolved:

- 1978 Defense Program base. Harold proposes to use the \$119 billion level in your February budget amendment, while I propose to start with the Congressionally enacted level of \$116 billion.
- 3% annual real growth. Should this be applied to the entire Defense budget or only to the 40% NATO related portions?

#116 B.1

NATO only

	TOA (\$ billions)						
	<u>1978 Base</u>	+	<u>Inflation</u>	+	<u>3% Real Growth</u>	=	<u>1979 Level</u>
Defense	119		8		4 (all Defense)		131
OMB	116		7		2 (NATO only)		125

(As a result of your Spring Review, the budget guidance given to DOD was \$127B).

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: CABINET SPEECHES ON ENERGY/
STATUS REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

Good J

Electrostatic Copy Made
for Preservation Purposes

MEMORANDUM TO: Hamilton Jordan (with attachments)
Jody Powell
Jack Watson

FROM: Jane Frank *Jane* October 27, 1977

RE: Cabinet Speeches on Energy/Status Report

We have collected information from thirteen Cabinet members on what energy speeches they have given and plan to give and any evidence of press coverage. Their responses are voluminous and sometimes uninformative. In lieu of massive amounts of information, let me offer the following summary:

1. Defense: Harold Brown has included comments on energy in two speeches and devoted a third--at the Council for Financial Aid to Education in New York--substantially to energy. Brown's New York speech got good coverage in the New York Times and was on the AP wire.

2. Interior: Cecil Andrus included comments on energy in three speeches and attended the National Coal Conference in Kentucky. Interior Under Secretary Jim Joseph discussed energy in two speeches to predominantly-Black audiences, and will stress energy in three more during the next two weeks.

3. Justice: Griffin Bell included a two-paragraph insert in a Florida speech last week and got good local coverage. He will put more material in a North Carolina speech that he will give tomorrow. Flaherty and Egan have materials on energy but as yet have given no speeches.

4. Labor: Ray Marshall gave a speech in Chicago that got good local coverage. He also discussed energy on Good Morning America on October 20. Under Secretary Bob Brown gave two interviews--to Business Week and AP radio. Both Marshall and Brown have an impressive schedule of speeches and interviews where they plan to discuss energy-related matters.

5. HEW: Joe Califano got great coverage on a speech at the University of Judaism in Los Angeles last weekend. He and four senior HEW officials have speeches scheduled during the next week. He will also record two radio spots--for the ten-million member Association of Retired People to be distributed to 1,000 radio stations; and for HEW's Office of Consumer Affairs to be distributed to 1,000 radio stations.

6. DOT: Brock Adams notes that he has been waging a nation-wide campaign for the 55 mph speed limit as a means of backing the President's fuel conservation program. He pushed the energy plan on the TODAY show on October 10 and in major speeches in Atlanta on October 12 and to the Highway Users Federation on October 27. Two other speeches are scheduled in early November.

7. Treasury: Mike Blumenthal has been in the Middle East all week, but his last public speech to the ABA in Houston included a section on the energy program. Two other senior Treasury officials will include energy remarks in speeches this week. Blumenthal has emphasized the need for a strong energy program in appropriate settings abroad. Treasury notes that speaking engagements have been limited this week since a number of key policy officials are travelling with the Secretary.

8. Commerce: Juanita Kreps will give a major speech tomorrow. Three other senior Commerce officials have given speeches this week.

9. OMB: Jim McIntyre has included statements on energy in two speeches, and has more in a speech prepared for next Wednesday in Miami. No other OMB official has made a public appearance this week.

10. CEA: Charlie Schultze plans a speech in New York on November 1. Bill Nordhaus already gave a speech to a small group on October 19.

11. UN: Andy Young plans to talk about energy tomorrow at the National Conference of Black Mayors, but may have to cancel if the Security Council meeting extends into the day. He will appear on Issues & Answers on Sunday and plans to focus on the energy program. He will make an additional speech on November 3 in New York.

12. HUD: Pat Harris has five speeches scheduled over the next three weeks and two other senior HUD officials also plan several speeches. As you know, Under Secretary Jay Janis got extensive coverage for his speech to the

National Savings and Loan League in Houston on October 20.
(Strauss circulated a press clip to the Cabinet.)

13. State: Cy Vance has not made nor does he plan to make a major speech on energy. Under Secretary Dick Cooper has made two speeches in the last week and plans to include three or four paragraphs on energy in a speech next week in Pittsburgh.

October 28, 1977

ADDENDUM TO OCTOBER 27, 1977, MEMORANDUM

14. Agriculture: Bob Bergland gave one full energy speech and included remarks in several others in Indiana, New York, Vermont and Connecticut. Deputy Secretary John White discussed energy at the Janeway Seminar and four Assistant Secretaries have given or plan to give speeches.

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

75th Anniversary of Powered Flight

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
✓		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson

Jane Frank *Jan*

October 28, 1977

RE:

Summaries for the Week of October 24 -
28, 1977; Miscellaneous Items

The weekly summaries are attached.

We are not forwarding a memorandum from DOT requesting designation of that Department as lead agency to plan and conduct the schedule of activities to mark the 75th anniversary of powered flight on December 17, 1978. In light of FAA's responsibility for the safety of the airways and progress of air commerce, this request appears to be reasonable.

Approve: ✓

Disapprove: _____

J

CC: The Vice President

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: DOMESTIC POLICY STAFF WEEKLY
STATUS REPORT

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
/		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
/	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

October 28, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Domestic Policy Staff Weekly Status Report

Stu
We need to start making decisions on truck/rail
J

EMPLOYMENT

Humphrey Hawkins: The final decision memorandum is on your desk.

Black Youth Unemployment: The final analysis, prepared by CEA, OMB and DPS, has been completed and is now circulating throughout the agencies. It will be in to you early next week.

COMMUNICATIONS

Public Broadcasting: We are discussing the bill with a wide variety of groups to seek their support. There will be no legislative action until January.

OTP Reorganization: Defense, State, and GSA have raised concerns about how OTP's national security communications functions will be divided between the EOP and Commerce. They want such functions kept in the EOP, while Commerce and the Hill subcommittees are arguing that the point of the Reorganization Plan was to transfer as much as possible to Commerce.

OPENNESS AND INTEGRITY IN GOVERNMENT

Executive Order on Logging: Justice draft is now being re-evaluated in light of agency comments. A decision memo will be in to you no later than November 5.

Ethics in Government Legislation: The Speaker has postponed floor action until early next year.

Electrostatic Copy Made
for Preservation Purposes

Revision of Security Classification System: We will have a report in to you on the major issues by early December.

Lobby Law Reform: House mark-up and Senate hearings will be held in January. We continue to work on policy amendments and legislative strategy with Frank's staff.

*Let's push
this*

CONSUMER MATTERS

A compromise bill creating an "Office of Consumer Representation" with reduced powers was introduced last week. The Rules Committee has cleared the bill for House floor action.

CIVIL SERVICE MATTERS

Federal Employees' Travel: We will have a memo to you by next Tuesday on federal employees' use of first class air accommodations.

Hatch Act Reform: The interagency task force continues to meet with the Senate staff to discuss amendments. We continue to work with Frank on overall legislative strategy and to find a Senate floor manager.

Comprehensive Civil Service Reform Act: The Civil Service Commission and the OMB Reorganization Project are developing a major, comprehensive bill, and have decided to include the Senior Executive Service proposal. You can expect a memo from the task force in November. We continue to follow developments.

NATURAL RESOURCES

160-Acre Limitation: We continue to work with Interior and Agriculture to ensure full consideration of all issues.

Minerals Policy Study: Agency comments have been received on the proposed study and are being incorporated into a memorandum which will be in soon.

Bowhead Whales: The Supreme Court allowed our decision to stand. The Vice President will be meeting with the natives.

OCS Legislation: The House Rules Committee denied a rule on Tuesday, postponing House action on this bill until January at the earliest.

Water Pollution Amendments: The House-Senate conference is having trouble coming to final agreement. The key controversial issues have not been resolved, but the staff is now working to develop compromise language. Memo to you on the 200-mile issue by November 2.

ENERGY

Options Memo on Oil Imports: Lower-level staff at FEA and DOE are now working on this. However, it will require a substantial input from Secretary Schlesinger and the top-level political people in the Department who are now fully occupied with the energy bill. This memo has been assigned top priority after passage of energy legislation.

*Expedite
now*

NEA: Working daily on legislative strategy with Secretary Schlesinger, Frank Moore, Hamilton and the Vice President.

DeConcini Letter on Copper Stockpile: We continue to work with CEA, NSC, and relevant agencies on a response to DeConcini's request. We will have a memo to you by October 29.

*Where is
it?*

Clinch River: The Senate has not yet acted on the CRBR supplemental appropriation. We are looking at options for a point of order in the Senate. The ERDA authorization bill has been engrossed. The last day for action is November 5. OMB is now analyzing the bill. We will prepare a memo with an analysis of a veto and its relationship to the supplemental appropriation to be submitted with the enrolled bill memo.

*Let's go
all the way
against
CRBR*

Draft quick letter to Senators -

Energy Impacts: We are working with the Department of Energy, OMB, and Jack Watson's staff on an interagency review of federal programs to assist communities facing demands that result from energy development.

Energy Production Conference: We are reviewing the draft policy papers prepared for the governor's conference, now scheduled for November 3rd and 4th.

delayed

TRANSPORTATION

55 Mile-Per-Hour Speed Limit: We are working with Secretary Adams to implement your decision.

*Keep on
this*

National Transportation Policy: We will work with Secretary Adams to include his transportation proposals in our overall urban strategy, as you directed.

INDIAN AFFAIRS

We have received an Interior proposal for development of an Indian policy statement. We are working with that department to determine whether this should be done as a Domestic Policy Review System study, or as an internal Interior effort with inter-agency comments following.

*Seems
better*

AGRICULTURAL AND RURAL DEVELOPMENT

Sugar: An options paper regarding implementation of the de la Garza program will be forwarded to you early next week.

Feed Grain Set-Aside: Options were discussed by the Interagency Working Group on Thursday, October 27. A decision memo should be ready for your consideration late next week.

Farmers in Iowa who want to me all wanted 15%

Food and Agricultural Policy Working Group: This inter-agency coordinating group, chaired by Deputy Secretary John White, held its first meeting this past week.

World Hunger Study: We continue to work with Peter Bourne. A decision memo should reach you about November 11.

Crop Insurance: USDA is continuing its evaluation of the options, including reinsurance.

HUMAN RESOURCES

Social Security: The social security financing bill passed by the House contains many provisions similar to our proposal. Some provisions, such as removing the earnings limitation on current beneficiaries, are extremely costly and result in higher tax rates on low and moderate wage employees. We are working with HEW and Frank to ensure that we can obtain from a conference committee the best of the House bill and the Senate bill about to leave the Finance Committee.

ok - Make it clear that removing self earnings limit is not my preference

Welfare Reform: Public testimony begins next week before the special subcommittee on welfare reform in the House. We expect a mixed response with a great deal of press on critical statements. We are attempting to get across the view that no plan is going to please everyone but that ours is the most equitable and feasible plan available.

CIVIL RIGHTS AND JUSTICE

Undocumented Aliens: We have put together a team, under Frank Moore's direction, to help push through the legislation. The team will meet every two weeks. Hearings will be scheduled in the Senate in January.

Morris Dees Memo on Death Penalty: In consulting with the Justice Department, we are revising the draft on the Morris Dees memo and will need a few more days to complete it. We hope to have it to you early next week.

ECONOMICS AND BUSINESS

Tax Reform: When you have made your decisions, we will begin working on the delivery of the package to Congress and the public.

Steel Industry: We continue to work with the interagency task force to develop overall Administration strategy toward the domestic and international problems of the U.S. steel industry.

HEALTH

Hospital Cost Containment: Because many of the House Ways and Means and Commerce Committee Health Subcommittee members (including Rogers and Rostenkowski) are energy conferees, further House mark-ups this session are unlikely. DPS and HEW are continuing discussions with Senator Talmadge's staff.

National Health Insurance: HEW's briefing on NHI has been tentatively scheduled for November 9.

President's Committee on Mental Retardation: We are analyzing the report, along with OMB and HEW. You will have a memo by late November.

Rural Health Clinics Bill: Legislation providing Medicare and Medicaid reimbursement to physician extenders in rural clinics should pass next week. A memorandum regarding a signing ceremony will follow shortly.

HOUSING AND URBAN DEVELOPMENT

Condominium Consumer Protection Act: We are working with OMB and other agencies to review this bill that has been proposed by HUD. The bill represents the completion of over two years of study by an interagency Condominium Task Force. Congressmen and condominium groups have been and will continue to be consulted in the development of this legislation. A decision memo will be in to you within two weeks.

Urban Policy: We continue to meet intensively on urban policy. I met with Lud Ashley this week and will continue working closely with him.

SEC: We have received a draft of Senator Williams' legislation creating uniform standards on municipal bond disclosure. Per your instructions, we have received Treasury's views and will submit an analysis and recommendations by Tuesday.

Phase-out of FY 78 Economic Stimulus Package: We are working with Treasury to prepare an analysis of the fiscal problems of the cities, and of the impact of the economic stimulus package. It will be in to you by November 1.

TRADE

Trade Adjustment Assistance: We continue to work with Commerce on our analysis. It will be in to you early next week.

MISCELLANEOUS

Congressional Veto Message: We continue to work with Bob Lipshutz and Justice on a message to be submitted just before congressional adjournment.

1980 Census: A joint OMB/DPS memo on planning for the 1980 Census will be in to you next week.

Supplemental Appropriations Bill: We will have a very tough issue -- namely whether to veto an otherwise very acceptable supplemental appropriations bill containing the B-1 rescission for which we fought so long and hard and in which we were finally victorious. This becomes more of a problem than before, because it appears that a veto of the ERDA authorization bill will not be sufficient to kill the Clinch River project, if you sign the appropriations bill, because of language placed in it which states no authorization is needed. Our best strategy at this point is to attempt to delete in the Senate the language in the appropriations bill which states that the language is not necessary. However, this will be very difficult to accomplish in light of the pro-breeder sentiment in the Senate. This will be a tough call because a veto could possibly bring the B-1 decision back for yet another stab. It would take positive action on our part to again get the rescission language back into a new bill.

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Hamilton Jordan

RE: PERCY GAS GUZZLER TAX AMEND-
MENT and SENATOR LONG

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
✓	JORDAN
	LIPSHUTZ
✓	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Electrostatic Copy Made
for Preservation Purposes

to: the President
F.Y.I.

Frank:

Frank -
Keep me
informed
J

On Saturday

The Senate will probably finish the energy tax bill today.

One of the remaining amendments is the Percy gas guzzler tax amendment which I have not seen but which he says is stronger but simpler than the House provision. Percy claimed he ~~was~~ within 2 votes (38 to 36), but thus far we have discouraged him ~~informally~~ from pursuing the matter. (through lower level DoE people)

Secretary Schlesinger feels that if we have a good chance of getting the Percy Amendment through, we should abandon our position of neutrality and go all out. He rightly points out that our involvement could make a big difference.

I talked with Senator Long about ^{at the time} this amendment on Friday and he was not enthusiastic. (He supports the gas guzzler and wants it strengthened, but probably felt that Percy's amendment did not stand a chance. Long's intention on Friday was to move to table the amendment.)

Aside from his view that Percy did not have the votes, Long is not anxious to get the gas guzzler into the Senate bill because it ~~takes~~ ^{would} away one of his bargaining chips in conference (he takes the House gas guzzler provision in exchange for for the House's acceptance of one of his provisions). I do not necessarily attribute sinister motives to Long in this respect, because he ~~with~~ ^{will} have a tough time getting the House to accept anything which benefits the oil industry and he needs such industry benefits ^{in order} to get the conference report through the Senate.

~~I can talk to Long about this, but I believe that if the President decides that he would like to see the guzzler tax in the Senate bill, he should feel out Long. He could call Long and say he understood that Percy has a substantial number of votes and that if Long supported the amendment it could pass.~~

I will talk to Long about this. The President should be aware of these facts.

Dan Tate

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Jack Watson

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

RE: SUMMARY OF COMMENTS MADE BY
WESTERN GOVERNORS IN
PRESIDENTIAL MEETINGS AND
FOLLOW-UP PLANS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

/	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

October 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON
LARRY GILSON

SUBJECT: Summary of Comments made by Western Governors
in Presidential Meetings and Follow-up Plans

Most of the discussion in Denver and on Air Force One dealt with questions on water, other western issues, the Panama Canal Treaties, and patronage. Key comments were as follows:

Water

- o Fish and game issues were not mentioned in the water policy roundtable discussion. (Governor O'Callaghan of Nevada) ✓
- o While some upper Great Plains States have enough water now, they are drawing down on their underground water reserves and those reserves are not being replenished. (Governor Kneip of South Dakota) ✓
- o Condemnation of existing water rights will be the most controversial aspect of our water policy. (Governor Evans of Idaho) ✓
- o Indian claims to water threaten the supply of water needed for energy and agriculture throughout the West. (Governor Judge of Montana) ✓
- o Suggest moving quickly on those less controversial aspects of water policy but acting more deliberately on questions of Indian water rights, federal reserve rights, and the appropriation doctrine. (Governor Matheson of Utah, speaking as chairperson of the Western Governors' water committee) ✓

Electrostatic Copy Made
for Preservation Purposes

- o In responding to these comments, you said the following:
 - You will defer any decision on water policy until after hearing from the Governors during their February 1978 Winter meeting in Washington.
 - You would hold to the February deadline for receiving recommendations from Interior but would not feel pressured to decide all issues in February if it became clear that more analysis was required.
 - You will be reviewing the long standing and often misunderstood court decisions affecting water in the course of this study.
 - As President you have a special legal obligation to serve as trustee for the Indians and the Attorney General has the obligation of representing the Indians.
 - While on most issues the Governors should feel free to challenge you publicly if they think you are in error, because of the emotional nature of the water issue in the West you hoped that, to the extent possible, the Governors would offer private advice rather than public criticism.

Other Western Issues

- o Soft wood lumbering requires better management by the U.S. Forest Service (Governor Straub of Oregon)
- o Enforcement of beef import quotas should be tightened. At present much of the beef entering the country is not counted against the quota because it is processed in some way in Puerto Rico or elsewhere before entering the continental United States. Some Canadian and Mexican beef may also be excluded from the count. (Governor Judge)
- o Several difficult policy questions may result in differences between the President and the Western Governors. These include:
 - Predator control
 - Livestock prices
 - Beef imports
 - Coal slurry pipeline
 - Delays in federal designation of wilderness areas as a result of the RARE II review. (All these issues were listed by Governor Herschler of Wyoming)

Panama Canal Treaties

- o Is there adequate support in the Senate to pass the Treaties? (Governor Apodaca of New Mexico)
- o Is the language in the Treaties adequate to assure that the United States can defend it if necessary? Is the language sufficient to assure the United States the priority right to use the canal in time of war or national emergency.

Patronage and Consultation with the Governors

- o Speaking for all the Democratic Western Governors, Governor Kneip expressed concern that there had not been adequate consultation with Governors on those Presidential appointments of special importance to the States. He further indicated that the Governors had frequently not had prior notice of appointments once the decision was made and the announcement was imminent.
- o You responded that while in many cases the Congress will play the dominant advisory role on appointments, those regional appointments such as River Basin and Title V Commission co-chairpersons should be based heavily on the advice of the Governors and that you believed such consultation with the Governors had not been sufficient in the past. You further stated your intention to call Governor Kneip in one month to see if progress had been made in this area.
- o Specific concerns about pending appointments were expressed by the Governors of affected states as follows:
 - U.S. Attorney in Nevada
 - U.S. Agricultural Soil and Conservation Service Director in Nevada
 - Columbia River Basin Commission appointment to Mel Gordon opposed by Governor Straub
 - U.S. Attorney appointment in New Mexico
 - U.S. Marshall appointment in South Dakota
 - SBA, FEA, and FHMA state directors in Montana
 - Lack of any Democratic appointments in Utah
 - Title II River Basin Commission Co-Chairpersons in general

Follow-up

We are working with the Presidential appointments staff to determine what regional appointments to the West are still pending and to develop a better system for consultation and notification of Governors.

We are coordinating case-by-case dealings with Stu's staff, Agriculture, and Interior to respond to the specific Western concerns raised by the Governors.

In collaboration with Cecil Andrus and Stu we will work to fulfill your promise of gubernatorial review of the water policy options between now and the February winter meeting of the National Governors' Association.

Conclusion

All of the Western Governors without exception were extremely pleased with their meetings with you in Denver and on the plane and went out of their way to express their appreciation to you, through me, for arranging the visit. There is no doubt in my mind that the time spent with them will pay us rich political dividends, and that it was well worth the trouble. With your approval, I would like to arrange similar informal opportunities for personal contact between you and different governors over the next several months.

*prior
specific*

ok
J

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

October 31, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan
Jim Gammill

The attached is forwarded to you for
your information.

Rick Hutcheson

RE: SUMMARY OF COMMENTS MADE BY WESTERN
GOVERNORS IN PRESIDENTIAL MEETINGS
AND FOLLOW-UP PLANS

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
/	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
	/	EIZENSTAT
	/	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
1	KING <i>Gammill</i>

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

October 31, 1977

Esther Peterson

The attached letter is forwarded to
you for delivery. It was returned in
the President's outbox today.

Rick Hutcheson

cc: Stu Eizenstat
Frank Moore

RE: LETTER TO SPEAKER O'NEILL - CONSUMER
BILL

THE WHITE HOUSE

WASHINGTON

October 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Consumer Bill

Attached is a letter which Esther Peterson has drafted. I recommend that you sign it.

She feels that it is necessary so that the members of Congress clearly understand that we are behind the new substitute bill which she has worked out.

Frank Moore concurs with this recommendation.

*who ever typed letter needs
to have typewriter cleaned/adjusted.
H*

THE WHITE HOUSE

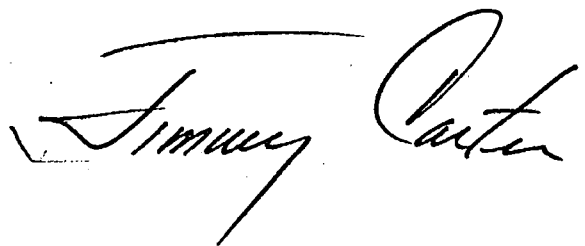
WASHINGTON

To Speaker O'Neill

I am happy to learn that a rule has been obtained for the substitute consumer bill H.R. 9718, which would establish the Office of Consumer Representation.

The bill represents a fair compromise among various interests while maintaining the principal goal, an office in which the consumer voice will be represented in government decision-making. I approve of this substitute and look forward to signing it into law.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Thomas P. O'Neill
Speaker of the House
United States House of Representatives
Washington, D.C. 20515